

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 29, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB490 by Ellis (Relating to exemptions from the sales tax for certain energy efficient products.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB490, As Introduced: a negative impact of (\$197,664,000) through the biennium ending August 31, 2009, if the effective date of the bill is July 1, 2007; or a negative impact of (\$174,644,000) through the biennium ending August 31, 2009, if the effective date of the bill is October 1, 2007.

The table below assumes an effective date of July 1, 2007.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>
2007	(\$7,477,000)	\$0	\$0	\$0
2008	(\$93,258,000)	(\$17,907,000)	(\$2,311,000)	(\$6,144,000)
2009	(\$96,929,000)	(\$18,612,000)	(\$2,402,000)	(\$6,386,000)
2010	(\$100,827,000)	(\$19,361,000)	(\$2,498,000)	(\$6,642,000)
2011	(\$104,445,000)	(\$20,056,000)	(\$2,588,000)	(\$6,881,000)
2012	(\$108,208,000)	(\$20,778,000)	(\$2,681,000)	(\$7,129,000)

The table below assumes an effective date of October 1, 2007.

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Revenue Gain/(Loss) from <i>Transit Authorities</i>
2008	(\$77,715,000)	(\$13,431,000)	(\$1,733,000)	(\$4,608,000)
2009	(\$96,929,000)	(\$18,612,000)	(\$2,402,000)	(\$6,386,000)
2010	(\$100,827,000)	(\$19,361,000)	(\$2,498,000)	(\$6,642,000)
2011	(\$104,445,000)	(\$20,056,000)	(\$2,588,000)	(\$6,881,000)
2012	(\$108,208,000)	(\$20,778,000)	(\$2,681,000)	(\$7,129,000)

Fiscal Analysis

The bill would amend Chapter 151 of the Tax Code to create a sales tax exemption for certain energy efficient products if they have been designated as Energy Star qualified products by the U.S. Department of Energy.

Under the provisions of the bill, the exemption would apply to the following products that have a sales price equal to or less than \$1,500: air conditioners, clothes washers, ceiling fans, dehumidifiers, dishwashers, fluorescent light bulbs, programmable thermostats, and refrigerators.

The bill would take effect July 1, 2007 if it receives two-thirds majority votes in each house; otherwise, it would take effect October 1, 2007.

Methodology

The estimate provided by the Comptroller of Public Accounts is based on data on the sale of certain energy efficient products gathered from the U.S. Department of Energy. For the purpose of this analysis, the Comptroller adjusted sales data to reflect sales made in Texas and for the appropriate price range and time period, and multiplied the data by the state sales tax rate. The estimates were adjusted for the potential effective dates and extrapolated through fiscal 2012. The Comptroller proportionally estimated the fiscal impacts on units of local government.

Local Government Impact

The fiscal impact to local government is illustrated in the above tables.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, EB